

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**SPECIAL SESSION
July 20, 2004**

The Board of Supervisors of Maricopa County, Arizona convened in Special Session at 1:00 p.m., July 20, 2004, in the Supervisors' Conference Room, 301 W. Jefferson Phoenix, Arizona, with the following members present: Andrew Kunasek, Chairman, District 3; Fulton Brock, District 1 and Max W. Wilson, District 4. Absent: Don Stapley, District 2, and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board, Shirley Million, Administrative Coordinator, David Smith, County Administrative Officer and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

Chairman Kunasek thanked and congratulated all the Maricopa County employees and volunteers who planned and implemented the NACo Conference for county officials and administrators from across the country. He said, "This is one of the best conferences I've ever participated in or attended and it was a great experience for all those attending. I constantly heard compliments about the many volunteer workers on hand and personally observed many of the different ways they were helpful to all the strangers to this City and County."

PRESENTATION ON THE FY 2004-05 PERFORMANCE-BASED SALARY ADVANCEMENT PLAN

Item: Pursuant to the Maricopa County Employee Compensation Plan Section II, approve the attached document, "FY 2004-05 Performance-Based Salary Advancement Plan". The provisions of this document represent a one-time exception to Section VI, Paragraph A of the Maricopa County Compensation Plan, entitled "Salary Advancements" to apply to fiscal year 2004-2005 only. (C49050078) (ADM3308)

Sandi Wilson, Chris Bradley and Brian Hushek presented the basics that have been developed to implement this plan for an equitable employee compensation in FY 2004-05. She said that it would be discussed with all department administrators so their questions can be answered before the Board votes on it.

David Smith said that during the NACo Conference, many other counties had asked him about the Managing for Results system adopted by Maricopa County several years ago. This system ties together the Board of Supervisors Strategic Priorities with strategic plans set by every department, using performance plans, performance management and the performance measures for departments, results of all these are evaluated annually. He said that the County is now at the point of rewarding for those results and recognizing that compensation for results of a job well done is as important as the constant competition for new talent.

He reported that over the past two years the County has had a 27.1% total turnover (13.5% a year), which he said was higher than some competitor governments but probably not far off from other large employers. He said that 27.1% is higher than he would like it to be, feeling that "it should be below 10% to be a healthy organization." He said that studies were made in compensation strategies in both the public and private sectors. During the recent recession years experienced in the U.S. and by the State of Arizona, most of the increases in Maricopa County compensation have largely been through the fringe benefit programs with the County picking up the increased costs instead of passing them to employees. For two years the employees have not had to pay for any of the health premium cost increases and in 2003 did not have to pay for the 3.9% Arizona State Retirement System (ASRS) mandatory increase. This added up to more than a 5% increase in hourly wages for participating employees – but there were few salary increases last year. Key personnel in some departments did receive a salary increase "in a very selective and differentiated kind of way" using department funds that could be transferred to cover it. Mr. Smith commented on the uneven rewards that went on over and above increases from benefits in

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2003. He explained that the fact that some employees did receive raises while others did not will be recognized in the "unique compensation strategy" that has been adopted in an attempt to level out and recognize these inequalities in FY 2004-2005. This plan would be done in a two-tier compensation system that would range from 3% to as high as 6% for employees receiving outstanding ratings. Department management will decide these percentages for each of their employees. Compensation will continue to be monitored in upcoming years in an effort to keep pay raises primarily based on merit with a lesser amount based on market issues in technical positions and promotion. He said, "It is time to reward our employees for another good year this past year and to encourage positive performance for the year ahead. We are trying to do that by making some adjustments from where we're coming from and where we're going that is an attempt at fairness and also recognizes everyone appropriately."

Sandi Wilson said that this equitable plan is designed to keep employees the motivated workforce that the County has today. She explained the plan as an interim step to more regular compensations, that they hope to get back to with the economy smoothing out, and added that this plan may only be used for this one year. She reported that market studies have indicated a couple of staffing areas that need a fast salary fix as they are far lower than market and ripe for employee dissatisfaction and possible attrition of valuable personnel. These positions are in areas of law enforcement and health and medical staff.

Chris Bradley said that in this plan they tried to provide fairness without making it overly complex and they feel it addresses the applicability of the process, eligibility guidelines, types of awards available, the expenditure caps in funding, approvals and implementation. He explained the basics of each application. He said there should be no other performance pay increases given outside of this plan. Each department will be given monies to cover a 4% increase for each employee. He explained that the "upper tier employees" would have received little or no performance pay increase in FY 03-04. These employees would be eligible for pay increases of from 4% to 6% based on their performance. Those employees who did receive performance increases last year would only be eligible for a 2-3% increase under this plan. Those receiving market adjustments or promotion increases would not be included in the tier population. Mr. Bradley added that compensation increases becoming effective August 30 would only be a total of ten months of increases in this fiscal year. This compensation plan at the maximum would only use \$8.8 million of the \$18 million in the reserve compensation fund at the beginning of this fiscal year for all compensation related issues. This leaves \$9.1 million in reserve.

Brian Hushek outlined the plan for implementing the compensation plan in the shortest time frame possible following Board approval. He said that plans are to have it implemented by August 30, 2004, but it would take two to three pay cycles for employees to receive their salary advancement. He gave two possible scenarios. The first one had Board approval on August 2nd, salary approvals on September 8th and employees would receive the increase in the September 17th or October 1st paycheck (retroactive to August 30th). Scenario #2 has Board approving the plan on August 16th, salary advancements approved on September 22nd and the employee would receive his/her increase on their October 1st, October 15th or October 29th paycheck, (retroactive to August 30th).

Chairman Kunasek said he would like to move this as quickly as possible. He directed the Clerk to schedule the meeting at the Supervisors' earliest convenience. Ms. Wilson said that they would meet with department heads as soon as possible to explain the plan to them. In response to a question from Supervisor Brock, Ms. Wilson said that the pay increases would be immediate for people who have been in their existing job for a year, but would be available later for employees hired mid-way through the year – i.e., if hired or receiving a promotion in April they would not receive any pay increase until the following April. The County compensation to employees last year – by covering all increases in benefits and the

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ASRS increase – totaled approximately \$50 million, most of which went to ASRS. The impact on the budget is expected to be lower next year.

BUDGET TRANSFER - WITHDRAWN

Item: In accordance with ARS Section 42-17106(b), approve the transfer of an amount not to exceed 4% of budgeted salaries and variable benefits by fund (excluding amounts budgeted for positions with salaries defined by statute) from reserved contingency item, "Compensation Reserve" in General Government (470), General Fund (100), Detention Fund (255), and General Government Grants Fund (249) to all affected Department/funds to be detailed in a follow-up personnel agenda. If necessary, amounts may also be transferred from the Detention Fund Operating Contingency in General Government (470), Detention Fund (255). (ADM3308)

Withdrawn by the department.

SETTLEMENT IN MAGALLON V. MARICOPA COUNTY

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried (3-0-2) to approve the settlement of Magallon v. Maricopa County, CV 2003-017535 in the amount of \$300,000. (Discussed in executive session on July 12, 2004.) (C75050011) (ADM409)

HEARING SET – FRANCHISE (EAGLETAIL WATER COMPANY, L.C.)

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried (3-0-2) to schedule a public hearing for 9:00 a.m., Wednesday, August 18, 2004, on an application filed by Eagletail Water Company. L.C. for a domestic water distribution system, consisting of pipe lines, meters, connections and all necessary equipment to serve the residents in the Tonopah, Arizona, area. (F23153)

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Andrew Kunasek, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board